

Message Text

CONFIDENTIAL

PAGE 01 QUITO 01644 01 OF 02 162244Z
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06
OMB-01 /064 W
-----014742 162325Z /73
R 161610Z MAR 78
FM AMEMBASSY QUITO
TO SECSTATE WASHDC 7615
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L SECTION 1 OF 2 QUITO 1644

E.O. 11652: N/A
TAGS: PINT, EC
SUBJECT: POLITICAL POWER PLAY BY GUAYAQUIL OLIGARCHY

REF: QUITO 1524

1. BEGIN SUMMARY: DURING RECENT WEEKS THERE HAS BEEN A BEHIND THE SCENES EFFORT OF THE GUAYAQUIL OLIGARCHY (ESTABLISHMENT) TO INFLUENCE OR CONTROL THE NOMINATIONS PROCESS OF THE MAJOR PARTIES AND COALITIONS TO INSURE THAT ITS POLITICAL INTERESTS ARE PROTECTED. THAT GROUP PREFERS THAT ONE OF ITS OWN BE ASSURED ELECTION AS PRESIDENT OR VICE PRESIDENT. CONSISTENT WITH THAT AIM, THE OLIGARCHY (WHOSE POLITICAL AGENT IS EX-PRESIDENT OTTO AROSEMENA) HAS CONTROLLED THE CONSERVATIVE PARTY CONVENTION AND ATTEMPTED TO HAVE RAUL CLEMENTE HUERTA REPLACE FRANCISCO HUERTA AS THE LIBERAL PARTY PRESIDENTIAL CANDIDATE. CURRENT EFFORTS ARE DIRECTED TOWARD PRESSURING SIXTO DURAN-BALLEN, PRESIDENTIAL CANDIDATE OF THE NATIONAL CONSTITUTIONALIST FRONT, TO ACCEPT GUAYAQUIL INDUSTRIALIST (AND OLIGARCH) LEON FEBRES-CORDERO AS HIS VICE PRESIDENTIAL RUNNING MATE. END SUMMARY.

2. DURING THE COURSE OF THE CURRENT RETORNO PROCESS,
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 01644 01 OF 02 162244Z

EMBASSY OFFICERS HAVE HEARD FREQUENT REFERENCE TO THE POLITICAL POWER OF THE GUAYAQUIL OLIGARCHY OR /ESTABLISHMENT." DURING THE PAST WEEK'S POLITICAL MACHINATIONS, WE HAVE BEEN GIVEN A REAL DEMONSTRATION OF THAT GROUP'S INFLUENCE AND STYLE OF OPERATION.

3. THE GUAYAQUIL OLIGARCHY'S OPPOSITION TO THE

CANDIDACY OF POPULIST ASSAD BUCARAM WAS WELL KNOWN, BUT THE REMOVAL OF THAT THREAT HAS NOT BEEN ENOUGH. THE GROUP WANTS ITS INTERESTS PROTECTED THROUGH POSITIVE PARTICIPATION ON THE WINNING PRESIDENTIAL/VICE PRESIDENTIAL TICKET, AND BELIEVES THAT NEITHER SIXTO DURAN-BALLEN NOR FRANCISCO HUERTA IS SUFFICIENTLY AN INSIDER TO BE EXPECTED TO PROTECT THOSE INTERESTS. DURAN, THROUGH FROM A COASTAL FAMILY, IS REGARDED AS A QUITENO (AND WEAK-WILLED) AND HUERTA IS TOO YOUNG, A POLITICAL MAVERICK, AND NOT A MEMBER IN GOOD STANDING OF THE INSIDERS' GROUP.

4. THE PERSON SELECTED BY THE GUAYAQUIL OLIGARCHY TO COORDINATE ITS POLITICAL EFFORTS IS FORMER PRESIDENT OTTO AROSEMENA, PERHAPS ECUADOR'S MOST SKILLFUL BEHIND-THE-SCENES POLITICIAN. THE FIRST PUBLIC MANIFESTATION OF THE CAMPAIGN WAS AROSEMENA'S WITHDRAWAL FROM CID THE POLITICAL PARTY HE FOUNDED AND HAS CONTROLLED. CID FORMALLY JOINED THE NATIONAL CONSTITUTIONALIST FRONT (FNC) WHICH SUPPORTED SIXTO DURAN-BALLEN'S PRESIDENTIAL CANDIDACY, CONTRARY TO AROSEMENA'S WISHES. WITH THE SUPPORT OF ALL RIGHT AND CENTER-RIGHT ORGANIZATIONS FOR DURAN-BALLEN, AND THE LIBERALS' NOMINATION OF YOUNG FRANCISCO HUERTA, THE GUAYAQUIL OLIGARCHY WAS LEFT WITHOUT A CANDIDATE. AT THAT POINT (EARLY FEBRUARY), ACCORDING TO SEVERAL INDEPENDENT AND NON-CONNECTED SOURCES, AROSEMENA MOVED, WITH A GREAT CONFIDENTIAL

CONFIDENTIAL

PAGE 03 QUITO 01644 01 OF 02 162244Z

AMOUNT OF MONEY, TO INFLUENCE THE CONSERVATIVE PARTY CONVENTION TO NAME A MAN OF CONFIDENCE, RETIRED COLONEL RAFAEL ARMIJOS, AS THE PARTY NATIONAL DIRECTOR. THE CONSERVATIVES, AS THE FNC'S ONLY POWERFUL MEMBER, COULD BE USED TO APPLY PRESSURE ON DURAN-BALLEN TO NAME THE GROUP'S CHOICE AS THE VICE-PRESIDENTIAL CANDIDATE.

5. CONCURRENTLY WITH THE SUCCESSFUL MANIPULATION OF THE CONSERVATIVES'S CONVENTION, AROSEMENA WAS WORKING BEHIND THE SCENES TO GET THE GROUP'S CANDIDATE PLACED AT THE HEAD OF THE LIBERAL PARTY TICKET. ALTHOUGH THAT PARTY'S ASSEMBLY HAD ALREADY NAMED FRANCISCO HUERTA THE OFFICIAL CANDIDATE, THE GOE'S DISQUALIFICATION OF ASSAD BUCARAM CREATED A NEW SITUATION WHICH MADE POSSIBLE REOPENING THE QUESTION OF THE PARTY'S NOMINEE. RAUL CLEMENTE HUERTA, THE LIBERAL PARTY'S ELDER STATESMAN, (WHO HAD EARLIER REFUSED TO RUN) WAS INDUCED TO ANNOUNCE HIS WILLINGNESS TO ACCEPT HIS PARTY'S NOMINATION. HE WAS AT THAT TIME IN CONVERSATIONS WITH BUCARAM (WHO HAS HAD A GOOD PERSONAL RELATIONSHIP WITH HIM) WHOSE SUPPORT WOULD HAVE MADE HIM THE PROBABLE FRONT RUNNER. AROSEMENA WAS REPORTEDLY WORKING THROUGH BANCO DEL PACIFICO CHIEF

MARCELO LONIADO AND INDIRECTLY WITH PROVINCIAL LIBERAL ORGANIZATIONS TO GIVE THE APPEARANCE OF A RANK AND FILE GROUNDSWELL FOR RAUL CLEMENTE. ALTHOUGH FRANCISCO HUERTA, WITH THE HOPE OF UNITING THE LIBERALS AND THE CFP, AGREED TO STEP DOWN IF HIS PARTY SO WISHED, BUCARAM'S PRIOR CONDITIONS WERE SO RESTRICTIVE THAT THE PARTY REFUSED THEM AND RAUL CLEMENTE FINALLY DECLINED TO RUN WITHOUT CFP SUPPORT.

6. FOILED IN THEIR EFFORT TO ESTABLISH RAUL CLEMENTE HUERTA AS A CANDIDATE BY BUCARAM'S INTRANSIGENCE, THE OLIGARCHY AND AROSEMENA TURNED TO THE FERTILE FIELD THEY HAD PREPARED IN THE CONSERVATIVE PARTY. ARMIJOS PREPARED A LIST OF CANDIDATES FOR SIXTO DURAN'S VICE PRESIDENT
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 QUITO 01644 01 OF 02 162244Z

ACCEPTABLE TO THE CONSERVATIVES AND INCLUDED WAS GUAYAQUIL INDUSTRIALIST LEON FEBRES-CORDERO, WHO RUNS COMPANIES OWNED BY BANANA MAGNATE LUIS A. NOBOA AND JUAN X. MARCOS, THE TWO MOST POWERFUL AND QUINTESSENTIAL GUAYAQUIL OLIGARCHS. THE LIST WAS REJECTED BY DURAN-BALLEN WHO INSISTED HE BE FREE TO SELECT HIS RUNNING MATE WITHOUT PRESSURE

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 QUITO 01644 02 OF 02 162242Z

ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10

L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06

OMB-01 /064 W

-----014696 162326Z /73

R 161610Z MAR 78

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 7616

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L SECTION 2 OF 2 QUITO 1644

(AND WHO ALSO BELIEVES THAT SUCH A TICKET WOULD BE DISASTROUS ELECTORALLY.) ARMIJOS THREATENED TO PULL THE CONSERVATIVES OUT OF THE FNC IF DURAN-BALLEN DID NOT SELECT A

VICE PRESIDENTIAL CANDIDATE ACCEPTABLE TO THE CONSERVATIVES.
AND, IN SPITE OF DURAN-BALLEN'S REFUSAL AND FEBRES-CORDER'S FORMAL WITHDRAWAL FROM CONSIDERATION, ARMIJOS TOLD POLOFFS MARCH 13 THAT HE STILL HOPES TO CONVINCE DURAN-BALLEN TO ACCEPT FEBRES-CORDERO.

7. APPARENTLY THE PRESENT PLAY, AND THE ONE THAT WILL BE USED BY ARMIJOS AGAINST DURAN, IS THAT IF FEBRES-CORDERO IS ACCEPTED, THE VELASQUISTAS AND OTHER GROUPS THAT OPPOSED THE REFERENDUM WILL SUPPORT THE DURAN-BALLEN/FEBRES-CORDERO TICKET. IMPLICIT ALSO IS THE SUPPORT OF THE POWERFUL FORCES BEHIND FEBRES-CORDERO. ARMIJOS SAID THAT SUCH SUPPORT WOULD ASSURE THE ENC OF AN ELECTORAL MAJORITY, THUS AVOIDING THE POTENTIALLY DANGEROUS SECOND ROUND. THE IMPLIED THREAT IS THAT IF FEBRES-CORDERO IS NOT SELECTED, HE WILL ANNOUNCE HIS OWN CANDIDACY AND, SUPPORTED BY HIS OWN FORCES (THE GUAYAQUIL OLIGARCHY), THE VELASQUISTAS AND OTHERS, WILL SPLIT DURAN-BALLEN'S CONSTITUENCY, AND DIMINISH HIS ELECTORAL POSSIBILITIES.

8. IT IS UNCERTAIN WHETHER SUCH PRESSURE WILL BE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 01644 02 OF 02 162242Z

EFFECTIVE ON DURAN-BALLEN, BUT IT APPEARS THAT THE GUAYAQUIL GROUP REGARDS HIM AS A WEAK SISTER SUSCEPTIBLE TO PRESSURE. FURTHER UNCERTAINTY COVERS THE THREAT OF A FEBRES-CORDERO CANDIDACY. HE IS ALMOST CERTAINLY NOT ELECTABLE AND IT IS DOUBTFUL THAT THE GUAYAQUIL GROUP WOULD FAVOR THE ROLDOS AND HURTADO TICKET BY SPLITTING THE CONSERVATIVE CONSTITUENCY. BUT, THESE EVENTS SERVE TO ILLUSTRATE THE POLITICAL INFLUENCE AND WILL OF THE GUAYAQUIL ESTABLISHMENT.

9. ONE OF THOSE MOST ANNOYED BY THESE MANEUVERS IS SIXTO'S BROTHER, CESAR DURAN-BALLEN, WHO, BECAUSE OF FAMILY AND HIS POSITION AS GENERAL MANAGER OF THE BANCO DE GUAYAQUIL, IS HIMSELF IN THE CORE OF THE COASTAL OLIGARCHY. CESAR, WHO HAS A REPUTATION OF BEING SOMEWHAT MORE HIGH-MINDED AND CIVICALLY CONSCIOUS THAN HIS FELLOWS, EXPLAINED THE MACHINATIONS TO AMCNGEN RECENTLY COMMENTING THAT NOT ONLY WOULD FEBRES-CORDERO PROBABLY BE AN ALBATROSS AROUND SIXTO'S NECK, BUT IF THE TICKET WERE TO BE ELECTED SIXTO WOULD HAVE LOST HIS CAPACITY TO EXERCISE INDEPENDENT JUDGMENTS AS PRESIDENT. CESAR SHOULD KNOW: HE IS BOTH FEBRES-CORDER'S COUSIN AND BROTHER-IN-LAW. HE IS ALSO IN THE ENVIABLE POSITION OF HAVING THE CENTER-RIGHT CANDIDATE AS HIS BROTHER, THE LIBERAL CANDIDATE ON THE BANK'S BOARD OF DIRECTORS, THE CFP CANDIDATE HIMSELF ALLEGEDLY DERIVING 50 PERCENT OF HIS LAW INCOME FROM BANK WORK, AND

THE BANK'S VICE-MANAGER (A VELASQUISTA) SIXTO'S
FIRST CHOICE FOR VICE PRESIDENT. THUS, SHOULD THE
LINE BE HELD AGAINST HIS FELLOW OLIGARCHS, CESAR WILL
UNDOUBTEDLY EMERGE AS ONE OF THE MOST IMPORTANT BEHIND-
THE-SCENES FIGURES IN THE NEXT GOVERNMENT.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 QUITO 01644 02 OF 02 162242Z

10. ALTHOUGH ECONOMICALLY DURING THE PAST FEW YEARS, AT
TIMES IT HAS CHAFED AT THE DIFFICULTY AND AWKWARDNESS
OF HAVING TO DEAL WITH A QUITO-BASED AND SERRANO-ORIENTED
MILITARY ESTABLISHMENT. THE SO-CALLED OLIGARCHY HAS
FELT THAT A REPRESENTATIVE DEMOCRACY, BY ALLOTING A
FAIR SHARE OF POLITICAL AND BUREAUCRATIC POWER TO THE
COAST, MIGHT BE MORE EASILY MANIPULATED. ITS RECENT
ACTIONS, HOWEVER, INDICATE THAT IT DOES NOT PLAN TO LEAVE
THIS TO CHANCE AND IS ATTEMPTING TO INSINUATE ITS
INFLUENCE ASSIDUOUSLY THROUGH ALL LIKELY POLITICAL GROUPS.
CORR

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESIDENTIAL ELECTIONS, ELECTION CAMPAIGNS, SPECIAL INTEREST GROUPS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978QUITO01644
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780118-0116
Format: TEL
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780360/aaaabymms.tel
Line Count: 247
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d5f1a1c5-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 QUITO 1524
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3308479
Secure: OPEN
Status: NATIVE
Subject: POLITICAL POWER PLAY BY GUAYAQUIL OLIGARCHY
TAGS: PINT, EC
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/d5f1a1c5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014